



Testimony before the House Committee on Michigan Competitiveness

Presented on behalf of

The Michigan Primary Care Association

By

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Good afternoon Chairman Shirkey and members of the committee. My name is Doug Paterson and I am here today representing the 35 Federally Qualified Health Center organizations making up the Michigan Primary Care Association. Collectively, our member organizations operate 220 community health center sites throughout Michigan serving over 600,000 Michigan residents. Every one of our centers is located in an officially recognized medically underserved area or serves a designated medically underserved population. We are an important part of the "safety net" that attempts to assure our State's residents, especially those without insurance, those with Medicaid and those in Medically Underserved areas of our state have access to medical, dental and behavioral health services. We have expertise in serving many in our state who are uninsured and underinsured and we feel confident in speaking on their behalf.

I am here today to convey both support and concerns that our membership has related to House Bill 4714.

We are very much in support of many of this bill's intended purposes. Among those are:

1. Extending Insurance Coverage to many working adults who work in low wage jobs and whose employers do not provide health insurance (in fact only 36% of employers in Michigan with less than 50 employees offer health benefits)
2. Using private sector insurance products that provide incentives for both consumers and health care providers to limit unnecessary services and costs and improve health outcomes.
3. Expecting some persons covered by Medicaid to participate in the cost of their care
4. Taking advantage of federal revenues that are available to Michigan that will
 - Add \$2 billion annually to the state budget
 - Add \$53 billion to the Michigan economy over the next 15 years
 - Add as many as 18,000 Michigan jobs
5. Helping hospitals, especially those in rural and underserved areas to avoid cutbacks and closures due to uncompensated costs
6. Decreasing health insurance premiums that currently subsidize the uninsured through cost shifting
7. Offering reasonably priced insurance to persons who otherwise cannot afford it
8. Improving the health of our State's population that now ranks 37th nationally¹

¹ United Health Foundation

However, we do have significant concerns about HB 4714 as written.

First, we are very concerned with the 48 month lifetime limit it places upon Medicaid beneficiaries. Not only does this bill apply the limit to the additional people who will be covered but it applies to all Medicaid covered persons. We think this has many implications that have not been carefully considered and could have many unintended consequences. Federally Qualified Health Centers currently see over 264,000 Medicaid beneficiaries in our State and another 150,000 who could become eligible but are now uninsured. Many, many of these residents have significant chronic health conditions including such things as diabetes, HIV, cancer, hemophilia, heart disease, asthma, and Chronic Obstructive Pulmonary Disease. Not one of these conditions goes away in four years. These conditions are CHRONIC, meaning they are conditions people will live with for the rest of their lives. Managed, these conditions allow people to be "able bodied" and working. Unmanaged, they will become disabled and most likely unable to work. It is not clear what the expectation is for these people currently covered by Medicaid when their benefits expire? And we are very concerned about woman who have been on Medicaid for their allotted four years and subsequently get pregnant? We would certainly hope that we are not going to deny them prenatal and delivery health care services? This could have a very negative impact on our already problematic infant mortality rates? These are examples of some of the consequences this legislation as currently written might impose.

Time limitations such as those proposed have historically been applied to persons on welfare. Assisting people who need help staying healthy and being productive members of our society is NOT WELFARE. Not a penny of Medicaid money is paid to any person on Medicaid. Medicaid pays health care providers to keep them healthy. And the majority of people who are uninsured are employed. They are simply making rational decisions related to affordability of health insurance. A single person making \$15,000 a year (133% of poverty) is not going to spend \$5,000 on a health insurance policy. That is rational. A family of four making \$31,000 a year is not going to spend \$13,000 on health insurance. These are rational and understandable decisions. And this won't change over the course of 4 years. According to recent polls, a majority of residents in our state support government assistance to people who cannot afford health insurance. This allows them to stay healthy and able to work! Limiting coverage to 4 years in our opinion is harmful to many of our states residents and will create more burden and more costs when they once again become uninsured and show up in Emergency Rooms. At that point, we will once again start the vicious cycle - more uncompensated care will be passed on to those who have insurance through cost shifting, the resulting higher premiums will lead to fewer employers providing coverage, leading to more uninsured and so on. This legislature has the chance now, using very little if any state funding for the next twenty-one years if you follow the Governor's prescription, to break this cycle once and for all and provide stable coverage for years to come for many of your constituents and, as Representative Lori has stated, to create a healthier Michigan.

Another major concern is, if we are reading the bill correctly, an expectation that the federal government is going to cover the entire cost of Medicaid and that the state will no

longer provide Medicaid if it must pay any costs. We are concerned that this provision will likely make the plan unacceptable to the federal government and jeopardize the potential this plan has for implementation as it would not remain “cost neutral”, an historical standard applied to 1115 waivers. Medicaid has been and is proposed to remain a shared state-federal partnership. The federal government under the ACA has agreed to pick up more, not less, of Medicaid’s costs in the future. It is reasonable for the state to share some of the future cost at a 90/10 ratio. To leave 90 cents on the table because our State is not willing to put up ten cents does not make business sense. Those who argue that government should function more like a business could not possibly convince a reasonable person that this is not a good business deal. If anyone offered to pay your business 90 cents of every dollar to provide health insurance to your employees, would you really turn that down? That is what appears to be happening here.

And finally a word on Medicaid and the perception that it is a broken program. You have heard testimony from the Michigan Department of Community Health and its major partners in the Michigan Association of Health Plans that Medicaid in Michigan operates efficiently and is well managed. Most troubling of much of the debate around expanding Medicaid is the unsubstantiated perception that Medicaid is a bad or failed program. I think the data shows otherwise. I have attached to my testimony slides from Steve Fitton’s presentation to the appropriations subcommittee earlier this year. These highlight what I believe shows the important and effective role that Michigan’s Medicaid program plays in keeping people in our state healthy.

1. Michigan has been a leader in purchasing health care services from the private sector and doing it in such a way as to hold costs down and focus on outcomes. Over 80% of Medicaid services are delivered through managed care that places risk upon providers to keep people healthy, promote health and limit disease and disability. The National Committee for Quality Assurance ranks 8 of Michigan’s 13 accredited health plans among the top 30 nationwide and 10 in the top 40.
2. While health care costs have increased by double digits yearly over the past 14 years, the spending per Medicaid case has risen from only \$4,662 to \$6,328 (and increase of just 35.7%) over that entire period. During this same time, health insurance premiums increased from \$5,791 for family coverage to \$13,375. That was a 130% increase.
3. As a share of the total state budget, Medicaid has decreased from 27.9% of the budget in FY07 to 21.2% of the budget in FY 13 all while the Medicaid caseload expanded from 1.6 million people to nearly 1.9 million people.
4. Most impressive is that during the period FY 02 to FY 11, there was absolutely no increase in the General Fund support of Medicaid while it continues to cover nearly 2 in 10 of our states residents.
5. And the quality of care provided improves:
 - 78% of 3 year-olds on Medicaid have been tested for lead poisoning
 - 79% of children have received well child visits and immunizations
 - 90% of pregnant women received appropriate prenatal care,
 - 86% of Medicaid beneficiaries have been tested for diabetes, and
 - 86% of adults have received preventive care

These are all outstanding quality measures when compared to many other states and systems of care. Medicaid in Michigan works well. To say otherwise is not supported by evidence.

Again, we truly appreciate the fact that this legislature wants to reform Medicaid in Michigan and make it the best it can be. However, the Michigan Primary Care Association and most of our partners who are part of the coalition advocating for expanded coverage do not think limiting benefits and allocating no state money is part of a formula to make Medicaid better, only to reduce, or at best limit Michigan's investment in improving the health of our state's residents.

Please consider improvements to the bill as written and work with your many partners in the health care industry of this state to make that happen.

Thank you for listening to our concerns.

Medicaid Coverage Improves Health

• Oregon Health Insurance Study compared persons newly covered by Medicaid with uninsured

- 25% more likely to call their health good or excellent
- 40% less likely to say health had worsened in past year
- 70% more likely to have a clinic or doctor's office for care
- 20% more likely to monitor their cholesterol
- 25% less likely to have unpaid medical bills sent to collection
- 40% less likely to borrow money or stop paying other bills to pay for medical bills

Michigan Medicaid Works

- Michigan Medicaid is and has been very successful in controlling costs
 - Over 80% of services delivered through managed care
 - County Health Plans / Adult Benefit Waiver
 - Medicaid Health Plans
 - Prepaid Inpatient Hospital Plans (mental health)
- Low income citizens qualifying for Medicaid Expansion in Michigan will have access to primary care and other quality services
- Michigan Medicaid is effective through its many partnerships with public and private entities

Michigan Medicaid Works

Access/Quality

- 13 Medicaid Health Plans (MHP)
- 715,118 Medicaid School-Based direct service procedures
- 53,292 Medicaid children under 1 received 257,159 well-child visits during FY 2011
- 406,563 Medicaid beneficiaries served by 18,320 Primary Care Providers in January 2013
- 17,090 Medicaid beneficiaries served by University of Michigan physicians in November 2012
- 14,000 CSHCS children moved to managed care
- 27,490 Medicaid beneficiaries receiving nursing home services
- 3,300 women using Maternal Outpatient Medical Services (MOMS) program each month

Michigan Medicaid Works - Health Plans

- 13 accredited health plans covering medically necessary services
 - Blue Cross Complete of Michigan
 - CoventryCares of Michigan, Inc.
 - HealthPlus Partners
 - McLaren Health Plan
 - Meridian Health Plan of Michigan
 - Midwest Health Plan
 - Molina Healthcare of Michigan
 - Physicians Health Plan – Family Care
 - Priority Health Government Programs
 - Pro Care Health Plan
 - Total Health Care
 - UnitedHealthcare Community Plan
 - Upper Peninsula Health Plan

Michigan Medicaid Works

Access/Quality

Michigan Medicaid has adopted the highest standard of accountability and transparency. HMO performance requirements include:

- Accreditation by an external entity
- An annual audited Healthcare Effectiveness Data and Information Set (HEDIS) report
- All required HEDIS measures must be deemed reportable (free of material bias)
- An annual adult Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey report (measures experience of health care)

Michigan Medicaid Works

Access/Quality

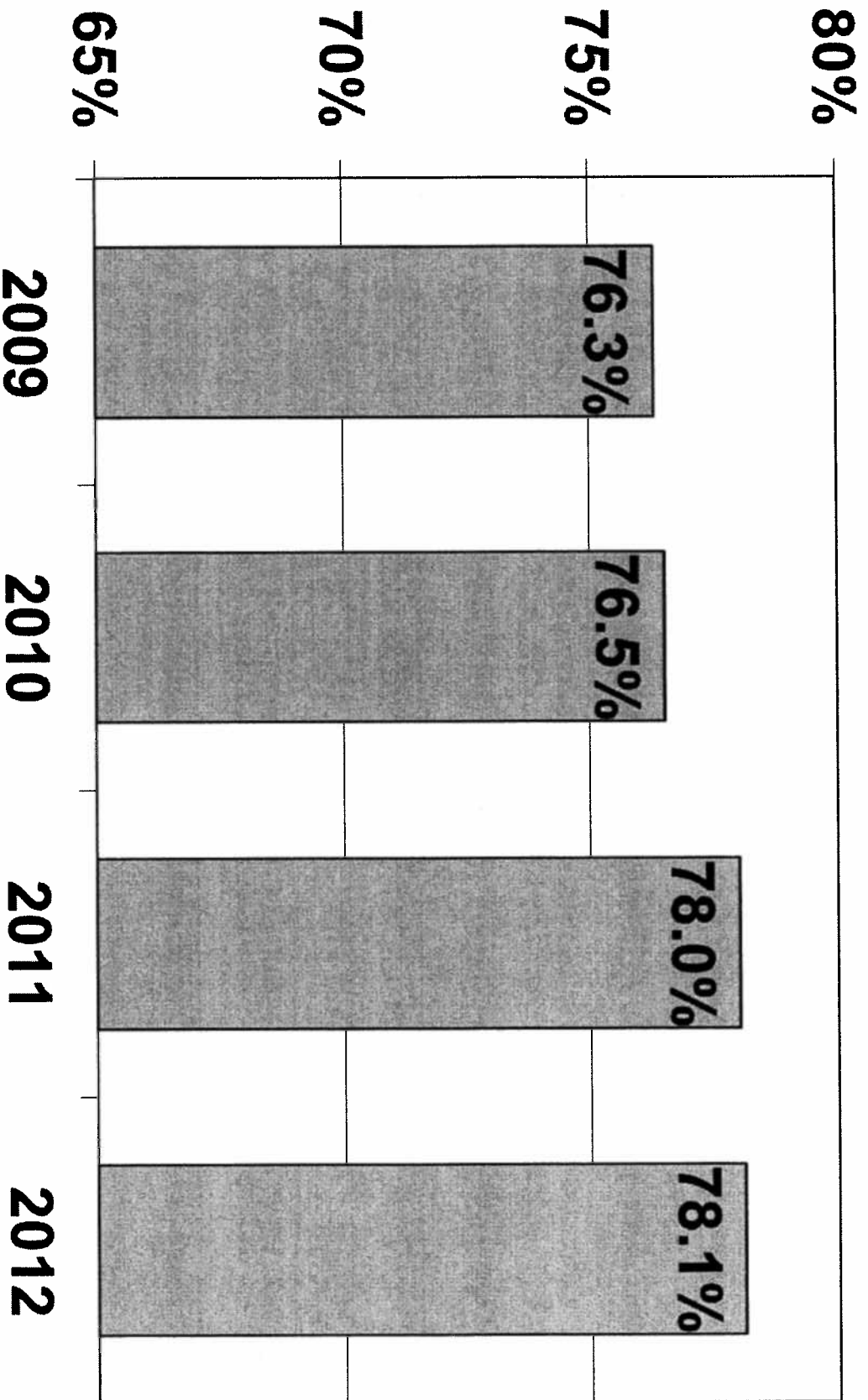
MHP performance requirements continued:

- Public reporting required by Appropriation Section 1662
 - http://www.michigan.gov/documents/mdch/16623_within_30_days_receipt_of_final_report_from_contractors_404895_7.pdf
- Consumer guide to assist beneficiaries in their in plan selection
- Medicaid Health Plan Contractor performance bonus based on plan scores relative to national Medicaid benchmarks
- Auto assignment preference based on performance

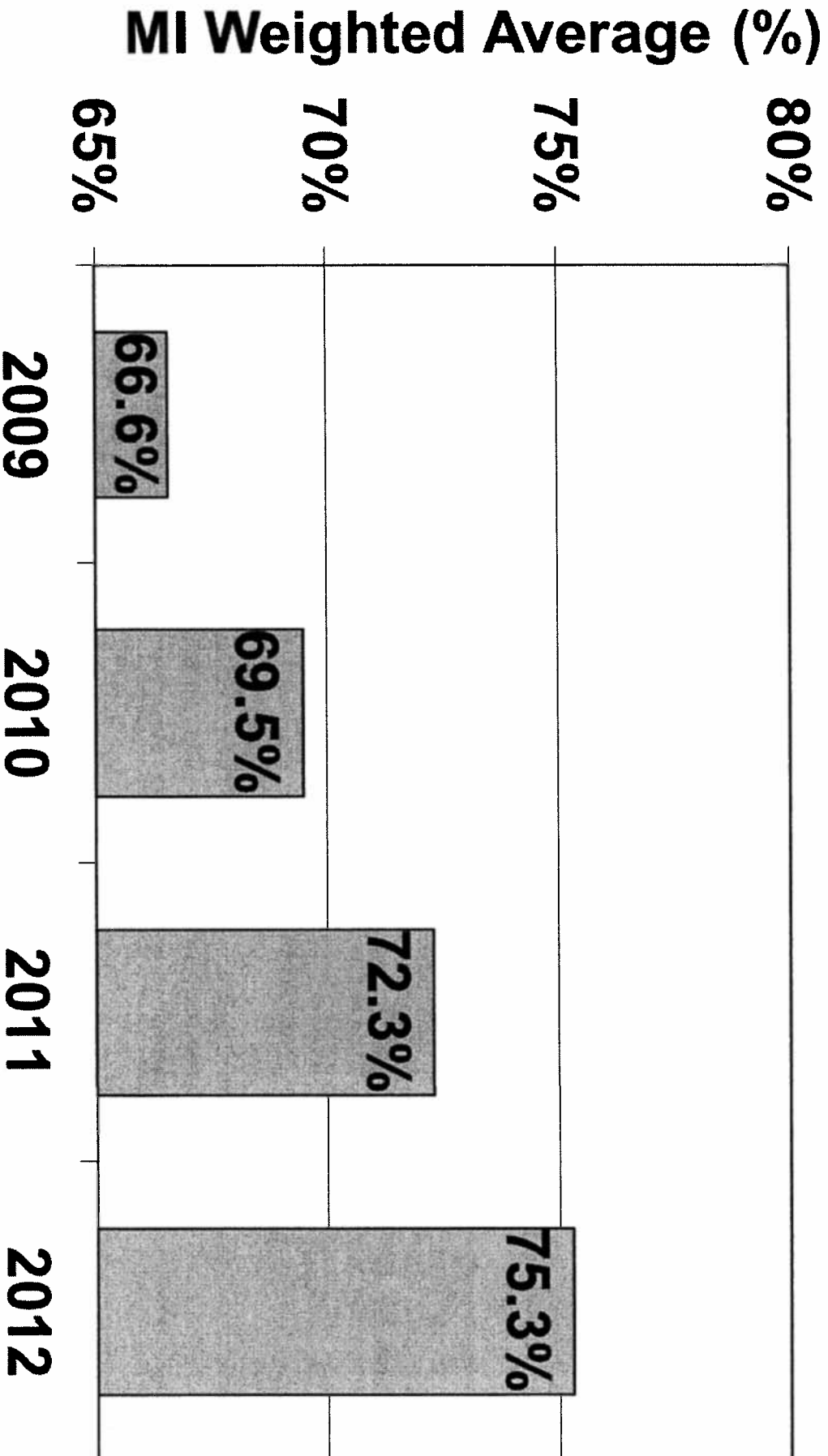
Michigan Medicaid Health Plans Excel

- National Committee for Quality Assurance (NCQA) ranks 8 of Michigan's Medicaid Health Plans in the top 30 Medicaid Health Plans nationwide. (2012)
 - Blue Cross Complete; Priority Health; Midwest Health; UnitedHealthcare Great Lakes; HealthPlus; Total Health; Upper Peninsula Health; and McLaren
- 10 MHPs in the top 40 nationwide
 - Molina and Coventry Cares in next 10
- Demonstrates commitment to provide high quality health care to our most vulnerable citizens

Michigan Medicaid Managed Care Blood Lead Testing - 3 year olds

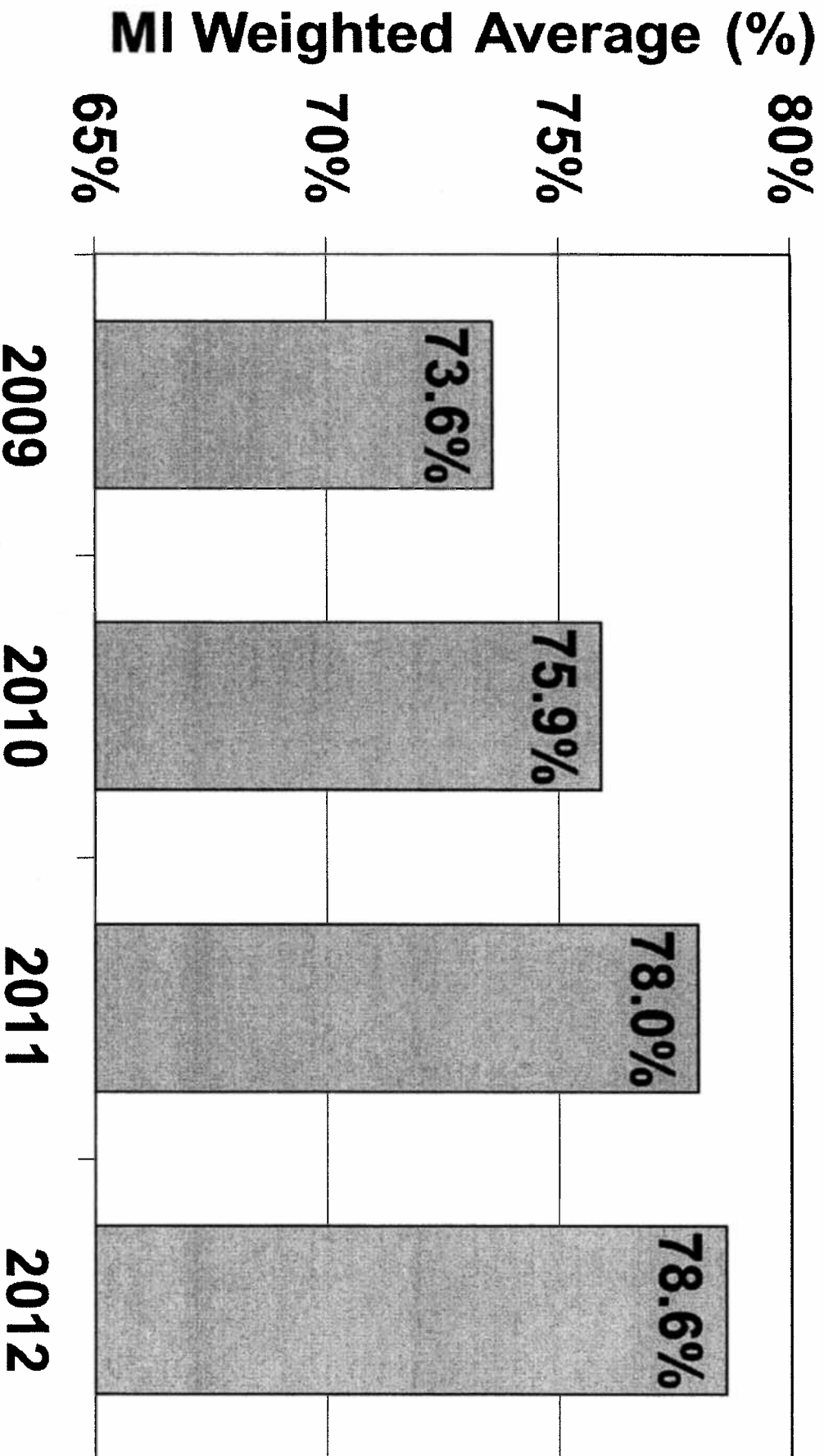


Michigan Medicaid Managed Care Well Child Visits - First 15 Months



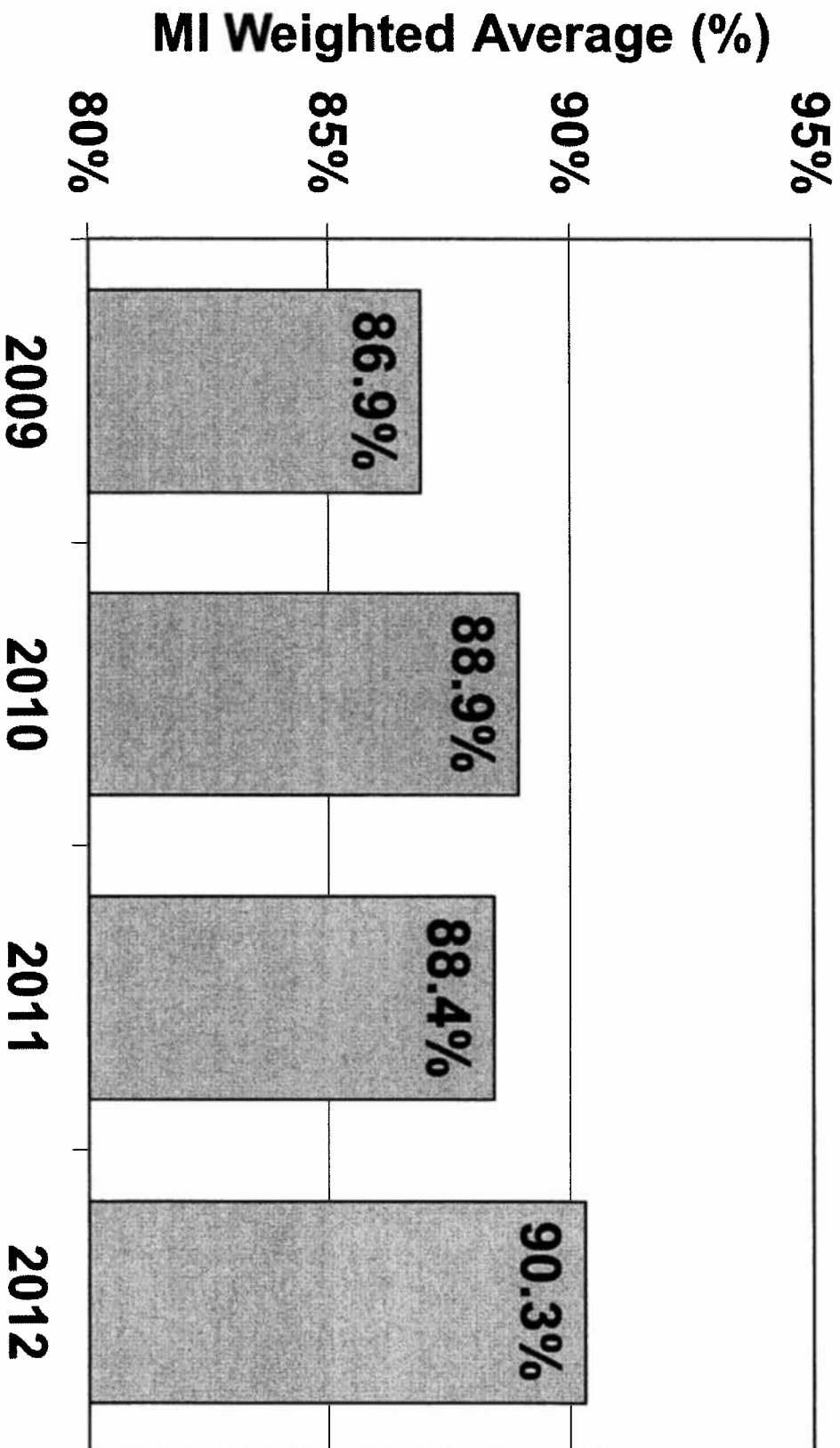
*HEDIS - 6 or more visits

Michigan Medicaid Managed Care Well Child Visits - 3 – 6 years

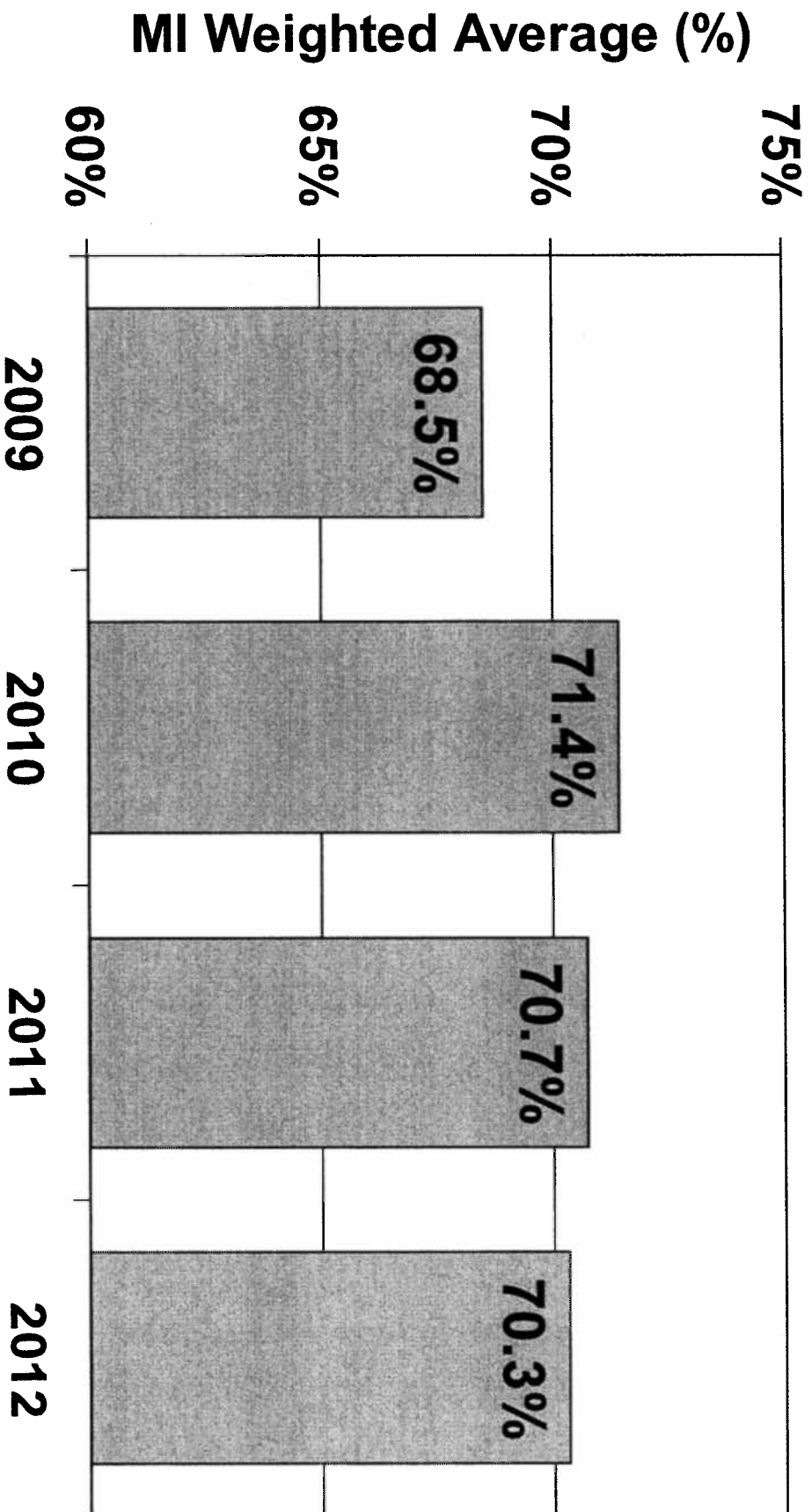


HEDIS

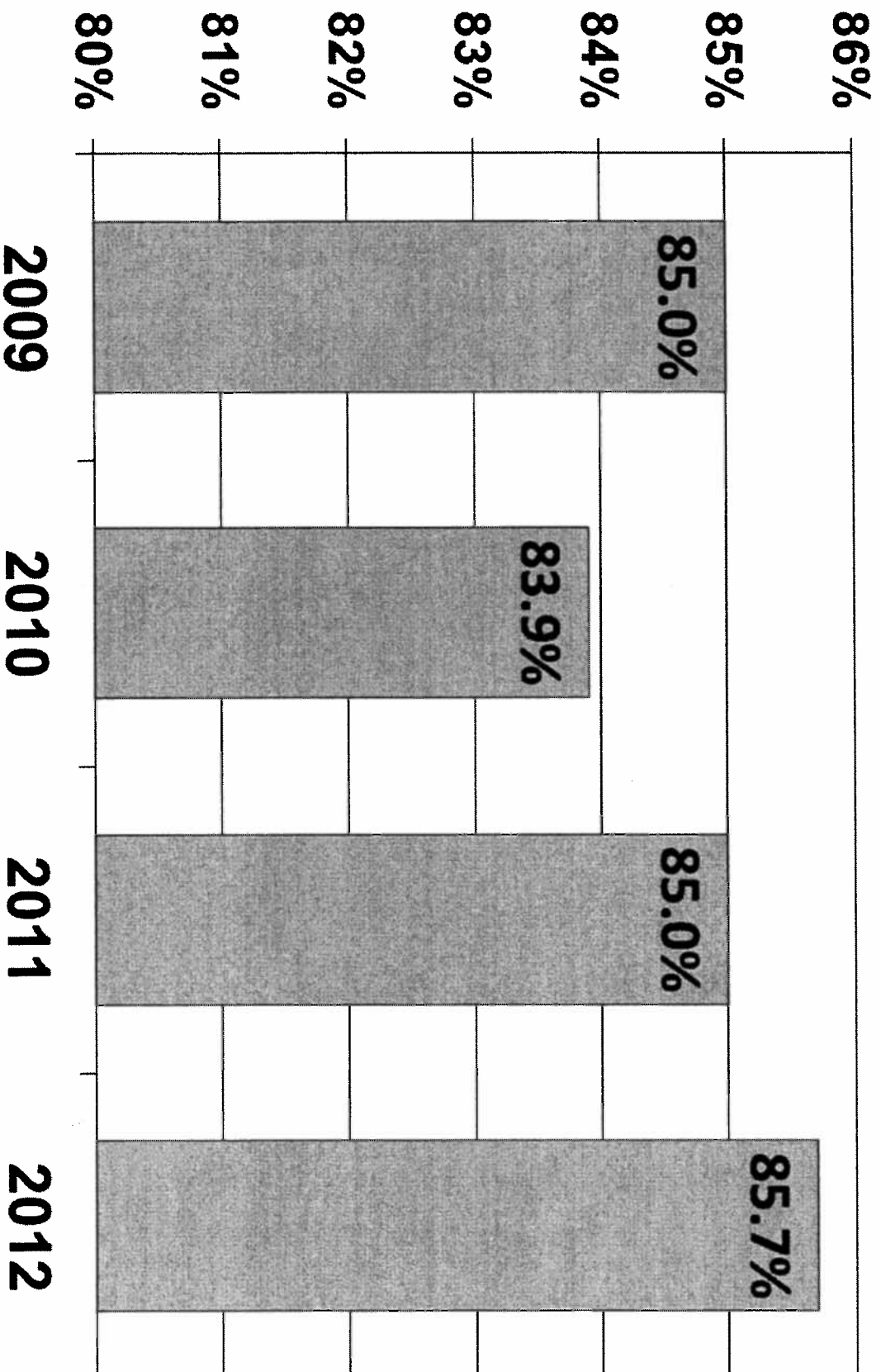
Michigan Medicaid Managed Care Prenatal Visits



Michigan Medicaid Managed Care Postpartum Visits

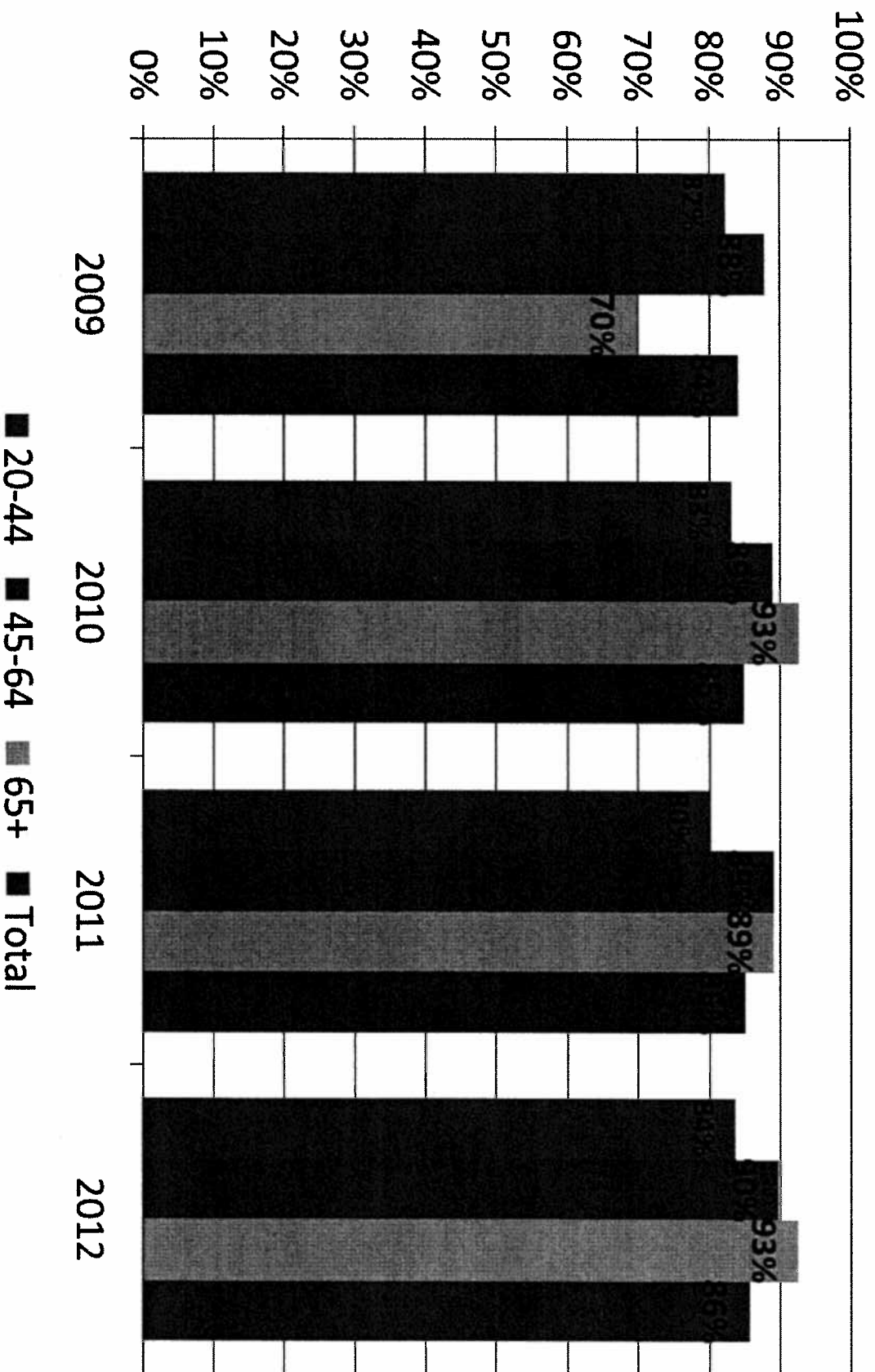


Michigan Medicaid Managed Care Diabetes Testing



Michigan Medicaid Managed Care

Percentage of Adults with Preventive/Ambulatory Visit



Michigan Medicaid Works

- Michigan Medicaid is cost effective
- Michigan Medicaid is efficient
- Michigan Medicaid provides access to services
- Michigan Medicaid provides quality services
- Michigan Medicaid is highly ranked nationally in numerous areas
- Michigan Medicaid is providing value day after day and year after year

